



**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
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**BOARD OF PENSION TRUSTEES**  
**AUDIT COMMITTEE**  
**PUBLIC MINUTES OF JULY 15, 2022**

The meeting of the Audit Committee was called to order by Mark Finfrock, Chair, at 9:01 a.m., via video and teleconferencing.

**Committee Members Present**

Mark Finfrock  
Tom Vermeer  
Stephen Ritchie  
Harold Stafford  
Kathy White  
Joseph Seibert

**Others Present**

Joanna Adams, Pension Office  
Stephenie Tatman, Pension Office  
Vicki Schultes, Pension Office  
Ryan Connell, Deputy Attorney General  
Josh Hitchens, Pension Office  
Khairat Makanjuola, Pension Office

Mike Devitis, KPMG  
James Pollock, KPMG  
Jim Doyle, BDO  
Keith Hammond, BDO  
Kenya James, BDO  
Rob Gooderham, Windmark  
Sophia Smith, Windmark

**1. OPENING COMMENTS:**

M. Finfrock welcomed everyone to the meeting, then followed with a roll call.

**2. APPROVAL OF THE MINUTES:**

The Audit Committee reviewed the Public Minutes of the May 6, 2022, meeting.

**MOTION** made by K. White and seconded by T. Vermeer to approve the Public Minutes of the May 6, 2022 meeting with corrections as noted.

**MOTION ADOPTED UNANIMOUSLY**

The Audit Committee reviewed the Executive Minutes of the May 6, 2022 meeting.

**MOTION** made by H. Stafford and seconded by J. Seibert to approve the Executive Minutes of the May 6, 2022 meeting as submitted.

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** made by K. White and seconded by J. Seibert to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, proprietary business information, internal audit reports, and preliminary external audit reports.

**MOTION ADOPTED UNANIMOUSLY**

The Audit Committee then moved into Executive Session to discuss confidential financial information, sensitive commercial information, proprietary business information, internal audit reports, and preliminary external audit reports.

**MOTION** made by H. Stafford and seconded by S. Ritchie to exit Executive Session.

**MOTION ADOPTED UNANIMOUSLY**

### **3. EXTERNAL AUDIT REPORT\***

There was nothing to report.

### **4. INTERNAL AUDIT REPORT**

J. Pollock provided an overview of KPMG's internal audit process. S. Ritchie discussed risk assessments.

**MOTION** made by H. Stafford and seconded by J. Seibert to approve the three FY 2023 internal audit plan projects discussed, subject to revision in the November 2022 Audit Committee meeting and any comments from the Board of Pension Trustees.

**MOTION ADOPTED UNANIMOUSLY**

### **5. PENSION ADMINISTRATOR'S UPDATE**

#### POSITIONS UPDATE:

Ms. Adams began by sharing that the Human Resource Analyst I Position has been filled. The Internal Audit Director and Deputy Attorney General positions are also posted. The Human Resource Supervisor, HRIS Specialist III, and another Human Resource Analyst I position are on hold because we currently don't have qualified staff that could be promoted from within. The HRIS Specialist III will be reclassified to a higher level and will continue to remain on hold while the Office of Pensions works with HR through that process.

#### DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (DPERS) LOGO:

Ms. Adams presented the new DPERS logo, which was designed by our own Dan Pope. The logo will be used in our communications going forward.

LEGISLATIVE UPDATE:

Ms. Adams stated that two new entities – Aetna Hose, Hook and Ladder Company, and the Lewes Fire Department - have been approved by the Board to join the County & Municipal Police and Firefighters’ Plan, effective July 1, 2022.

S. Tatman provided the legislative update:

- HOUSE SUBSTITUTE 1 FOR HOUSE BILL 478 – This bill increases the annual earnings limit for pensioners in the State Employees’ Pension Plan who return to work in a non-pension creditable position to \$40,000 annually beginning with earnings from the 2021 calendar year. This has been signed by the Governor.
- HOUSE BILL 308 – This bill eliminates the earnings limit for disability pensioners in the New State Police and County and Municipal Police and Firefighters Pension Plans. This has been signed by the Governor.
- SS1 FOR SB 14 W/ SA 1, SA 3, AND HA 1 – This bill mandates that post-retirement increases (PRIs) for retirees who have been retired at least 20 years from the date of the increase receive more than those retirees who have been retired less than 20 years. It also prevents substantively automatic PRIs which refers to PRIs paid on a regular basis or pattern such as biannually or every 3 years. This has passed the House and the Senate; waiting for the Governor’s signature.
- SENATE BILL 250 – This bill is the FY23 Operating Budget which includes a one-time \$500 supplemental pay for pensioners who retired prior to October 22, 2021, and did not receive the one-time payment last year as an active employee or retiree. This has been signed by the Governor.
- SENATE BILL 251 – This bill is the FY23 Supplemental Appropriations. This has been signed by the Governor.
  - a. One-time \$500 supplemental pay for pensioners who retired prior to October 21, 2022, and did not receive the one-time payment as an active employee
  - b. Payment in the amount of \$45,576,300 to the State Employee Pension Plan (SEPP), New State Police Pension Plan (NSP), and Judicial plans to pay in full the FY22 post-retirement increase
  - c. Payment in the amount of \$104,640,900 to the SEPP, NSP, and Judicial plans to pay in full the FY23 PRI. Grants a PRI to retirees in SEPP, NSP, and Judicial plans payable as of July 1, 2022 as follows:
    - i. 3% to pensioners retired on or before June 30, 1992
    - ii. 2% to pensioners retired between July 1, 1992 and June 30, 2017.
  - d. Enhancing the Delaware Volunteer Firefighters Association (DVFA) benefit to \$10 per month for every year of service up to 25 years beginning on January 1, 2023, and payment to the DVFA Plan in the amount of \$38,100,000 to cover the liability of the enhancement.
- SENATE BILL 252 – This bill is the FY23 Grants-in-Aid which specifies the other employer costs (OEC) rates for FY23 which includes the pension rate, disability insurance program (DIP) rate, post-retirement increase rate, and health care rate. This has been signed by the Governor.

**6. DEPUTY ATTORNEY GENERAL REPORT**

There was nothing to report.

**7. MEETING DATES FOR 2022:**

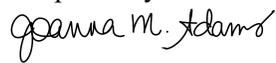
The final Audit Committee meeting for the calendar year is scheduled for November 4, 2022.

**8. ADJOURNMENT**

At 11:26 a.m., there being no further business, **MOTION** was made by S. Ritchie and seconded by H. Stafford to adjourn the meeting.

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,



Joanna M. Adams  
Pensions Administrator

Mark Finfrock  
Mark Finfrock (Jan 10, 2023 12:31 EST)  
Mark Finfrock, Chair  
Audit Committee